



**Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report**

Committee: Financial and Audit Oversight Committee ("FAOC")

Members: Representative Susie Byrd (Chair)
Representative Emma Acosta
Representative Steve Ortega
Representative Eddie Holguin Jr. – Not Present

Staff Assignee: Edmundo S. Calderon – Chief Internal Auditor

Meeting Date/Time: Monday, October 15, 2012 – 11:00 A.M.

1. Call to order and introductions.

Representative Susie Byrd called the meeting to order at approximately at 11:12 A.M. MST. It was determined that there was a quorum.

2. Election of FAOC Chairperson.

Representative Steve Ortega made a motion to nominate Representative Susie Byrd as the FAOC Chairperson. Representative Emma Acosta seconded the motion. Motion passed unanimously.

**3. Discussion and Action on the City Investment Policy for FY 2013.
[Dr. Mark Sutter, Comptroller, (915) 541-4402]**

Summary:

Dr. Mark Sutter, Comptroller, introduced and explained the proposed amendments to the City Investment Policy. The proposed amendments are as follows: 1. the removal of the Deputy City Manager for Finance and Management Support from Section 4.4 Delegation of Authority (paragraph 1), the removal of the Deputy City Manager for Finance and Management Support from the Investment Committee, and the addition of the OMB Director and the Internal Auditor to the Investment Committee (paragraph 2), 2. the modification of the Section 6.1 a. (i) to include "letters of credit", 3. the removal of Article 6 from Section 7.2 Limits, 4. the removal of "Legislative Review" and the addition of "Financial and Audit Oversight" from Section 11.0 Investment Policy Adoption.

Ms. Lisa Turner, citizen, commented.

Ms. Joyce Wilson, City Manager, commented.

Representative Acosta commented.

Representative Byrd commented.

Action taken:

Motion made by Representative Acosta, seconded by Representative Ortega. The motion passed unanimously to approve the amendments proposed to the City Investment Policy for FY 2013 to go before City Council for approval.

**4. Discussion and Action on the City of El Paso Internal Audit Charter.
[Internal Audit, Edmundo Calderon, (915) 541-4402]**

Summary:

Edmundo Calderon, Chief Internal Auditor, introduced and explained the City of El Paso's Internal Audit Charter. Mr. Calderon gave an explanation of the areas of the responsibilities and the Professional Standards that the Internal Audit Office abides by.

Representative Byrd (Chair) asked what the process was to involve City Council in the approval of the City of El Paso Internal Audit Charter.

Ms. Sylvia Firth, City Attorney, commented that the FAOC can advance to City Council with a strong recommendation by the committee.

Representative Byrd (Chair) commented about the Internal Audit Office's Independence concerning Committee or City Council members giving an undue influence. She was also concerned about the process in the event that a Committee or Council Member was a subject of an investigation. Mr. Calderon explained that the matter would be brought to the FAOC as a whole if an undue influence was an issue. Mr. Calderon stated that if a Committee or Council member was a subject of an investigation he would meet with 1. Chairperson of the FAOC, 2. The City Attorney's office and 3. The City Manager for direction on how to proceed.

Representative Byrd (Chair) commented on taking ethic issues directly to the Ethics Board.

Mr. Calderon explained that he would have to get direction from the FAOC before going before the Ethics Board.

Ms. Wilson, City Manager, commented.

Representative Ortega commented.

Representative Acosta commented

Ms. Lisa Turner, citizen, commented.

Mr. Richard Schecter, citizen, commented.

The public comment brought forth a concern about completed audits not being brought before Council.

Action Taken:

Motion made by Representative Acosta to accept the City of El Paso Internal Audit Charter with an amendment to the Responsibility section third bullet to include Quarterly Reports will be forward to City Council. Representative Ortega seconded the motion. The motion passed unanimously.

**5. Discussion and Action on the FY 2013 Annual Internal Audit Plan.
[Internal Audit, Edmundo Calderon, (915) 541-4402]**

Summary:

Edmundo Calderon, Chief Internal Auditor, introduced and explained the FY 2013 Annual Internal Audit Plan. Mr. Calderon gave a brief summary of the risk assessment and the scope of work. Mr. Calderon explained budgeting and staffing of the Internal Office and the five year audit plan.

Representative Acosta asked if the Internal Audit works with Human Resources on the overtime monitoring for the Police and Fire Department. She also asked why the Police and Fire Department were not monitoring their own overtime. Mr. Calderon replied that the Internal Audit Office continued to monitor overtime due to overtime being a concern. He explained that overtime monitoring for the Police and Fire Departments does not consume a large amount time, it only requires about 50 hours. Ms. Wilson, City Manager, commented that overtime monitoring helped in budgeting for the department. Representative Acosta asked if Mr. Calderon could write procedures for other City departments to monitor their overtime. Mr. Calderon explained that the Internal Audit Office must remain independent and could not write procedures for a process that will be audited by the Internal Audit Office.

Representative Ortega asked if the City Attorney's Office reviews audit reports before they are presented to FAOC, City Manager, and City Council. Mr. Calderon explained that the City Attorney's Office does not review audits in order for the Internal Audit Office to remain independent.

Ms. Sylvia Firth, City Attorney, clarified.

Mr. Calderon briefed the FAOC on the five year audit plan.

Representative Acosta inquired if the five year audit plan was the standard.

Mr. Calderon explained that three to five years is the standard depending on the organization and staffing levels.

Mr. Richard Schecter, citizen, commented.

Ms. Lisa Turner, citizen, commented.

Action Taken:

Motion made by Representative Ortega to approve the FY 2013 Annual Internal Audit Plan. The motion was seconded by Representative Acosta. The motion passed unanimously.

6. Audit Plan Update [Internal Audit, Edmundo Calderon, (915) 541-4402].

Summary:

Edmundo Calderon introduced and explained the 4th Quarterly Report for FY 2012. Mr. Calderon explained the audits and projects completed and the audits and projects that are in progress. Mr. Calderon briefly reviewed training hours. Mr. Calderon summarized the elements of an audit report. Mr. Calderon briefly explained the findings of the Information Technology Purchasing Audit dated August 16, 2012. Mr. Calderon explained that a Follow-Up Audit would be conducted to ensure that recommendations were implemented. Mr. Calderon addressed questions from the Committee about the Information Technology Purchasing Audit. Mr. Calderon explained the Procurement Card project. Mr. Calderon explained Per Diems for travel. Mr. Calderon summarized the Overtime Quarterly Reports for Police and Fire Departments. Mr. Calderon explained that he is working with Deputy City

Manager Almonte on the Police Department's overtime. Mr. Calderon explained that Mr. Almonte asked the Internal Audit Office to review the top three overtime earners in the Police Department.

Representative Acosta inquired what "consulting" in the contingency hours meant. Mr. Calderon explained that some departments request a review of their policies and procedures or ask for consulting to determine if an audit of the department is required.

Mr. Almonte, Deputy City Manager, explained the plans to address overtime issues for the Police Department.

Representative Byrd (Chair) commented.

Mr. Calderon explained that overtime reports are not posted online.

Mr. Lisa Turner, citizen, commented.

Ms. Sylvia Firth, City Attorney, clarified that Quarterly Reports will be presented to the FAOC then presented to City Council.

Action Taken:

Motion to accept the 4th Quarterly Update to be advanced to City Council was made by Representative Acosta. Motion was seconded by Representative Ortega. The motion passed unanimously.

7. Adjournment

A motion to adjourn was made by Representative Emma Acosta. The motion was seconded by Representative Steve Ortega.

Meeting adjourned at approximately at 1:10 P.M MST.

Submitted by:

**City Representative Susie Byrd, District 2
Chair, Financial and Audit Oversight Committee**

**Edmundo S. Calderon – Chief Internal Auditor
Internal Audit Office**